

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

* * *

COMPUTERIZED SCREENING, INC.,

Plaintiff,

v.

HEALTHSPOT INC.,

Defendant.

Case No. 2:14-cv-00573-RFB-NJK

ORDER DENYING MOTION TO DISMISS

OR FOR TRANSFER OF VENUE

I. INTRODUCTION

Plaintiff Computerized Screening, Inc. (“CSI”), a Nevada corporation, has filed suit against Healthspot Inc. (“Healthspot”), a Delaware corporation, in the District of Nevada, alleging that Healthspot infringed on a patent CSI holds by “making, having made, using, selling, offering for sale, and/or importing” an infringing product. Compl. ¶ 20, ECF No. 1. Claiming that it lacks contacts with Nevada sufficient to subject it to personal jurisdiction and that a Nevada venue is improper, Healthspot has, in the instant motion, moved to dismiss CSI’s complaint under Fed. R. Civ. P. 12(b)(2) and (3). Alternatively, in the event it is subject to the personal jurisdiction in Nevada, Healthspot has requested a transfer of venue to the Northern District of Ohio. This Court, for the reasons discussed below, finds that Healthspot is subject to personal jurisdiction in Nevada and that venue is proper. Additionally, this Court finds Healthspot’s argument for transfer of venue unpersuasive.

II. BACKGROUND

For purposes of this motion to dismiss for lack of personal jurisdiction, the Court’s considers the pleadings and affidavits in the light most favorable to CSI. Graphic Controls Corp. v. Utah Med. Products, Inc., 149 F.3d 1382, 1383 n.1 (Fed. Cir. 1998).

1 **A. Facts**

2 The following facts are alleged by CSI. CSI is a Nevada corporation with its principal
3 place of business in Reno, Nevada. CSI alleges that it is the owner of United States Patent No.
4 6,691,436 (the “‘436 Patent”). The ‘436 Patent is titled “Health Care Information System” and
5 allegedly protects “health monitoring kiosks that measure blood pressure or weight and transmit
6 the data through a network to store the measurement data in remote data storage.” Compl. ¶ 10,
7 14, ECF No. 1.

8 Healthspot is a Delaware corporation with its principal place of business in Dublin, Ohio.
9 Compl. ¶ 4, ECF No. 1; Cashman Decl. ¶ 2, ECF No. 11-1. Healthspot is a manufacturer of
10 medical kiosks “that enable remotely-located healthcare providers to provide near real-time
11 medical care to patients.” Cashman Decl. ¶ 3, ECF No. 11-1; accord Compl. Exs. 2, 3.

12 On or before April 4, 2013, CSI met with Healthspot in Reno, Nevada to discuss CSI’s
13 understanding that Healthspot’s kiosk infringed upon the ‘436 Patent. Cashman Decl. ¶ 26, ECF
14 No. 11-1. At that time, CSI told Healthspot that it believed Healthspot’s kiosk was infringing on
15 the ‘436 Patent. Cashman Decl. ¶ 26, ECF No. 11-1. CSI then offered to license its technology
16 to Healthspot for use in their kiosks. Id.

17 CSI alleges that after Healthspot was put on notice that their kiosks might infringe upon
18 CSI’s patent, Healthspot attended the National Association of Chain Drug Stores (“NACDS”)
19 tradeshow in Las Vegas, Nevada in August 2013. Bluth Decl. ¶¶ 3–5, ECF No. 16. There, the
20 President of CSI and named inventor of the ‘436 Patent Charles Bluth stated that he witnessed
21 Healthspot demonstrating and advertising the accused product. Id. Healthspot denies ever
22 attending the NACDS tradeshow, but admits to visiting Nevada on at least three prior occasions
23 for trade shows. Cashman Supp. Decl., ¶ 4–6, ECF No. 19. However, Healthspot asserts that the
24 last time the accused product was in Nevada was for the National Council of Behavior conference
25 on April 8–9, 2013. Id. at ¶ 6.

26 Following the alleged demonstration at the NACDS tradeshow, CSI alleges it engaged in
27 correspondence with Healthspot in an attempt to resolve the dispute out of court. Hoekel Decl.
28 Ex. 1, ECF No. 15. CSI once more offered to license the technology to Healthspot and informed

1 them that if they did not reach a licensing agreement CSI would be compelled to take legal action.
2 Id. at 6. In response Healthspot offered to demonstrate their kiosk for CSI in order to alleviate
3 CSI's concern that Healthspot was infringing upon the '436 Patent. Id. at 5. CSI replied that a
4 demonstration would not be necessary since they believed they had sufficient information to
5 support their allegation of infringement. Id. CSI further stated that if a licensing agreement was
6 not reached by April 11, 2014, they would be compelled to take legal action. Id. Healthspot
7 warned CSI that if they filed a patent infringement action against Healthspot without further
8 examination of the accused product, they would be in violation of Federal Rules of Civil Procedure
9 11. Id. at 4.

10 The parties then scheduled a conference call for 10:00 am on April 15, 2014 to attempt to
11 resolve the dispute. Id. at 1–2. On April 14, after scheduling the conference call, Healthspot filed
12 a suit in Ohio seeking declaratory judgement stating that Healthspot's kiosk did not infringe upon
13 the '436 Patent. Id.; Cashman Decl. ¶ 32, ECF No. 11-1. On April 15, 2014, after receiving notice
14 of the Ohio suit, CSI filed this lawsuit, in Nevada. See Compl., ECF No. 1.

15 **B. Procedure**

16 On April 15, 2014, CSI filed the Complaint in the present case in the District of Nevada.
17 ECF No. 1. In its Complaint, CSI alleges one cause of action. Id. CSI claims Healthspot infringed
18 on a patent CSI holds by “[making], using, selling, offering for sale, and/or importing” an
19 infringing product. Id. at 3.

20 On June 30, 2014, Healthspot filed the instant Motion to Dismiss for lack of personal
21 jurisdiction. ECF No. 11.

22 **III. PERSONAL JURISDICTION**

23 **A. Legal Standard**

24 Federal Circuit—rather than regional circuit—law applies when determining whether a
25 court has personal jurisdiction in patent infringement actions. Nuance Commc'ns, Inc. v. Abbyy
26 Software House, 626 F.3d 1222, 1230 (Fed. Cir. 2010). Absent discovery on the matter, a plaintiff
27 is only required “to make a prima facie showing of jurisdiction to defeat [a defendant's] motion to
28

dismiss.” Med. Solutions, Inc. v. C Change Surgical LLC, 541 F.3d 1136, 1140 (Fed. Cir. 2008) (internal quotation marks omitted). In order to determine whether a plaintiff has made a prima facie showing of personal jurisdiction over the defendant, the trial court must construe all pleadings and affidavits in the light most favorable to the plaintiff. Deprenyl Animal Health, Inc. v. University of Toronto Innovations Foundation, 297 F.3d 1343, 1347 (Fed. Cir. 2002) (citing Graphic Controls, 149 F.3d at 1383 n.1).

When determining whether a court has jurisdiction over a defendant, the court must examine “whether a forum state's long-arm statute permits service of process, and whether the assertion of personal jurisdiction would violate due process.” Inamed Corp. v. Kuzmak, 249 F.3d 1356, 1359 (Fed. Cir. 2001). Because Nevada’s long-arm statute, Nev. Rev. Stat. § 14.065, permits Nevada courts to exercise jurisdiction to the same extent as the Constitution, this Court need only consider the constitutional principles of due process. Walden v. Fiore, 134 S. Ct. 1115, 1121 (2014).

B. Analysis

CSI argues that this Court has general jurisdiction over Healthspot. In the alternative, CSI argues that this Court has specific jurisdiction over Healthspot. The nature and number of the defendant’s contacts with the forum state informs whether this Court can exercise either general or specific personal jurisdiction. Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com de Equip. Medico, 563 F.3d 1285, 1297 (Fed. Cir. 2009). The Court finds that, although it lacks general jurisdiction over Healthspot, it can exercise specific jurisdiction in the instant case.

1. General Jurisdiction

General jurisdiction requires that the defendant’s contact be “sufficiently ‘continuous and systematic’” with the forum state. Grober v. Mako Products, Inc., 686 F.3d 1335, 1346 (Fed. Cir. 2012) (citations omitted) (finding no general jurisdiction over a defendant who had made numerous product shipments to the forum and had attended a tradeshow in the forum). The defendant’s contacts with the forum state must be “so constant and pervasive as to render [it] essentially at home in the forum State.” Daimler AG v. Bauman, 134 S. Ct. 746, 751 (2014) (alteration in original) (internal quotation marks omitted).

1 CSI fails to meet the high threshold required to establish general jurisdiction over
 2 Healthspot. Healthspot is a company incorporated in Delaware with its principle place of business
 3 in Ohio. There are no allegations that any of Healthspot's employees or officers live in Nevada
 4 nor are there allegations that Healthspot owns any property in Nevada. Although Healthspot has
 5 visited Nevada on several occasions with the accused product, demonstrated the accused product
 6 in Nevada, and corresponded with and instituted a claim against a Nevada resident, these contacts
 7 are insufficient to render Healthspot "essentially at home" in Nevada.

8 **2. Specific Jurisdiction**

9 To establish specific jurisdiction a defendant must "have certain *minimum contacts* with
 10 [the forum] such that the maintenance of the suit does not offend traditional notions of *fair play*
 11 *and substantial justice*." Inamed Corp., 249 F.3d at 1360 (quoting International Shoe Co. v.
 12 Washington, 326 U.S. 310, 316 (1945)). This "minimum contacts test" has three-prongs: "(1)
 13 whether the defendant purposefully directed its activities at residents of the forum, (2) whether the
 14 claim arises out of or relates to those activities, and (3) whether assertion of personal jurisdiction
 15 is reasonable and fair." 3D Sys., Inc. v. Aarotech Labs., Inc., 160 F.3d 1373, 1378 (Fed. Cir.
 16 1998). The plaintiff has the burden of satisfying the first two prongs of the test. Viam Corp. v.
 17 Iowa Export-Import Trading Co., 84 F.3d 424, 429 (Fed. Cir. 1996). The burden then shifts to the
 18 defendant to make a compelling case that jurisdiction would be unreasonable. Id.

19 **a. Purposeful Availment**

20 The purposeful availment requirement (also known as the purposeful direction
 21 requirement) "ensures that a defendant will not be haled into a jurisdiction solely as a result of
 22 random, fortuitous, or attenuated contacts, or of the unilateral activity of another party or a third
 23 person." Avocent Huntsville Corp. v. Aten Int'l Co., 552 F.3d 1324, 1329 (Fed. Cir. 2008) (citing
 24 Burger King Corp. v. Rudzewicz, 471 U.S. 462, 475 (1985)). The Court may consider a number
 25 of factors in evaluating purposeful availment. In Beverly Hills Fans Company v. Royal Sovereign
 26 Corporation, the Federal Circuit held that the fact that the defendant shipped the accused product
 27 into the forum state after being put on notice that the accused product might infringe upon the
 28 plaintiff's patent weighed in favor of finding purposeful availment. 21 F. 3d 1558, 1567–68 (Fed.

1 Cir. 1994). The Federal Circuit has also found that interstate communications addressing the
2 accused product and visits to the forum state by the defendant to discuss surrounding infringement
3 issues are “relevant contacts” that demonstrate that the “defendants purposefully directed their
4 activities” towards the forum state. Electronics For Imaging, Inc. v. Coyle, 340 F.3d 1344, 1351
5 (Fed. Cir. 2003).

6 Based on CSI’s allegations, Healthspot’s actions satisfy the purposeful availment prong of
7 the “effects test.” CSI alleges that Healthspot attended the NACDS tradeshow after being put on
8 notice that their kiosk might infringe on the ‘436 Patent. Healthspot asserts that they never
9 attended the NACDS tradeshow, but, because the Court must resolve such disputed facts in favor
10 of the plaintiff, this assertion is presently irrelevant. See Deprenyl, 297 F.3d at 1347 (“[A]ll factual
11 disputes must be resolved in [Plaintiff]’s favor in order to evaluate its prima facie showing of
12 jurisdiction.”). Healthspot visited CSI in Reno on April 4, 2013 to discuss the very issue of
13 whether Healthspot’s kiosk infringes on the ‘436 Patent. Additionally, Healthspot was
14 corresponding with CSI for several months in an attempt to resolve the issue outside of court.
15 Therefore, the possibility of litigating a civil suit arising from the ‘436 Patent would not be a
16 surprise to Healthspot.

17 Additionally, Healthspot’s filing of the Ohio claim is relevant in determining whether it
18 purposefully availed itself to Nevada’s jurisdiction, because the Ohio suit is also an action
19 purposefully directed at a resident of Nevada. “The central purpose of a declaratory action is often
20 to clear the air of infringement charges.” Inamed Corp., 249 F.3d at 1362 (internal quotation marks
21 omitted). Here, Healthspot demonstrates this “central purpose” when it asserted that it filed the
22 Ohio declaratory action to resolve the dispute. Mot. to Dismiss 2, ECF No. 11. Certainly, a
23 judgment in favor of (or, for that matter, against) Healthspot in the Ohio proceeding would affect
24 CSI in Nevada. For example, if it is determined that Healthspot’s kiosk does not infringe upon the
25 ‘436 Patent, CSI could lose market share for its products. The effects of Healthspot’s Ohio claim
26 on CSI in Nevada are further compounded by the fact that negotiations about the accused product
27 were still ongoing at the time the suit was filed. In sum, the filing of the Ohio suit is also an act
28 purposefully directed towards Nevada and therefore weighs in favor of finding that Healthspot

1 purposefully availed themselves to Nevada.

2 In conclusion, Healthspot purposefully directed activities at Nevada. Its alleged use in
3 Nevada of the accused product after being put on notice of its potentially infringing characteristics,
4 visits to Las Vegas and Reno, and commencement of a related civil action against a Nevada
5 resident demonstrate that facing civil liability in the instant case was not “random, fortuitous, or
6 attenuated” nor due to “unilateral activity of another party.” See Avocent Huntsville Corp., 552
7 F.3d at 1329 (quoting Burger King Corp., 471 U.S. at 474).

8 **b. Relation to Specific Forum Activities**

9 To satisfy the second prong of the “effects test,” the plaintiff must make a prima facie
10 showing that their claim “arises out of or related to” the defendants activities in the forum state.
11 Burger King Corp., 471 U.S. at 472. This prong is not, as general rule, the “even higher hurdle”
12 that Healthspot suggests. Mot. to Dismiss 10:24–25, ECF No. 11; See Inamed Corp., 249 F.3d at
13 1362 (holding that it is a broad standard—the defendants’ actions in the forum state must either
14 give rise to *or* relate to the claim). In Synthes, the Federal Circuit determined that the plaintiff’s
15 claim was sufficiently related to the activities of the defendant in the forum state because the
16 defendant displayed a product accused of infringing on the plaintiff’s patent at a trade show. 563
17 F.3d at 1298. The court reasoned that the defendant was displaying the accused product at the
18 tradeshow in order “to generate interest” in their product to the commercial detriment of the
19 plaintiff. Id.

20 Here, CSI alleges Healthspot’s sales personnel demonstrated the accused product in
21 Nevada before and after Healthspot was put on notice by CSI that Healthspot’s kiosk might
22 infringe on the ‘436 Patent. As in Synthes, Healthspot’s actions at tradeshow would also generate
23 interest in its kiosk to the detriment of CSI. Ultimately, CSI has made a prima facie showing that
24 the claim arises out of or is at least related to Healthspot’s activities in Nevada.

25 **c. Reasonableness/Fair Play and Substantial Justice**

26 A defendant can defeat personal jurisdiction on constitutional grounds if she can make a
27 “compelling case that the presence of some other considerations would render jurisdiction
28 unreasonable” because it offends traditional notions of fair play and substantial justice. Burger

1 King, 471 U.S. at 477–78. The factors used to determine whether exercising personal jurisdiction
2 would be reasonable are: “(1) the burden on the defendant, (2) the interests of the forum state, (3)
3 the plaintiff’s interest in obtaining relief, (4) the interstate judicial system’s interest in obtaining the
4 most efficient resolution of controversies, and (5) the shared interest of the several states in
5 furthering fundamental substantive social policies.” Electronics For Imaging, Inc., 340 F.3d at
6 1352. Situations “in which sufficient minimum contacts exist but where the exercise of jurisdiction
7 would be unreasonable” are “rare.” Id.

8 Healthspot fails to make a sufficiently compelling argument that would render exercise of
9 personal jurisdiction constitutionally unreasonable. First, the burden of traveling to Nevada for
10 litigation placed on Healthspot (which has made at least five trips to Nevada in less than two years)
11 is not constitutionally unreasonable. See Inamed Corp., 249 F.3d at 1363 (concluding that even if
12 it were true that a defendant was so ill that he could not stand or sit for longer than one-half hour
13 at a time and was unable to travel long distances, a finding of personal jurisdiction in the forum
14 state was not so unreasonable as to make it unconstitutional); Synthes, 563 F.3d at 1299 (internal
15 citations omitted) (“The burden on [Defendant] is significant, in that [Defendant] will be required
16 to traverse the distance between its headquarters in Brazil and the district court in California
17 We note, however, that ‘progress in communications and transportation has made the defense of a
18 lawsuit in a foreign tribunal less burdensome.’ In addition, for at least the last five years,
19 [Defendant] representatives have traveled to the United States for, among other things, trade
20 shows, which suggests that, as far as [Defendant] is concerned, travel itself is not unduly
21 burdensome.”). Second, Nevada has a substantial interest in protecting its residents from patent
22 infringement. See Electronic Imaging, Inc., 340 F.3d at 1352. Third, CSI has an interest in
23 preserving its patent rights and, as a plaintiff, has an interest in litigating in a convenient forum.
24 Fourth, although Healthspot has filed a complaint for declaratory relief in Ohio, it is still pending
25 and can be consolidated with the current action. See id. Finally, there is no conflict between the
26 interests of Nevada and Ohio “as the same body of federal patent law would govern the patent
27 invalidity claim irrespective of the forum.” Id.

28 . . .

1 In conclusion, because Healthspot has sufficient minimum contacts with Nevada, this
 2 Court has specific personal jurisdiction over Healthspot, and Healthspot's motion to dismiss
 3 pursuant to Fed. R. Civ. Proc. 12(b)(2) is denied.

4 5 **IV. VENUE PROPRIETY**

6 In moving to dismiss pursuant to Fed. R. of Civ. Proc. 12(b)(3), Healthspot argues that
 7 venue is improper in Nevada. However, this issue is foreclosed because this Court has personal
 8 jurisdiction over Healthspot and, by extension, venue is proper. See VE Holding Corp. v. Johnson
 9 Gas Appliance Co., 917 F.2d 1574, 1583 (Fed. Cir. 1990) (“[V]enue in a patent infringement case
 10 includes any district where there would be personal jurisdiction over the corporate defendant at
 11 the time the action is commenced.”); 28 U.S.C. § 1391(c). Accordingly, Healthspot's motion to
 12 dismiss pursuant to Fed. R. Civ. Proc. 12(b)(3) is denied.

13 14 **V. VENUE TRANSFER**

15 Healthspot argues that, even if it is subject to personal jurisdiction in Nevada, the suit
 16 should be transferred to the Northern District of Ohio. Mot. to Dismiss 13:1–2, ECF No. 11.

17 **A. Legal Standard**

18 Whereas Federal Circuit law guides personal jurisdiction, local circuit law determines
 19 venue transfer issues. Storage Tech. Corp. v. Cisco Sys., Inc., 329 F.3d 823, 836 (Fed. Cir. 2003).
 20 Pursuant to 28 U.S.C. § 1404, a district court may transfer a case to another district if it serves the
 21 “convenience of parties and witnesses” and otherwise promotes “the interest of justice.” Atl.
 22 Marine Const. Co. v. U.S. Dist. Court for W. Dist. of Texas, 134 S. Ct. 568, 581 (2013). When
 23 determining whether to transfer a case, courts examine various public and private factors. Decker
 24 Coal Co. v. Commonwealth Edison Co., 805 F.2d 834, 843 (9th Cir. 1986). Generally, great
 25 weight is generally accorded to a plaintiff's choice of forum. Lou v. Belzberg, 834 F.2d 730, 739
 26 (9th Cir. 1987). The burden is on the party seeking transfer to show that when these factors are
 27 applied, the balance of convenience clearly favors transfer. Commodity Futures Trading Comm'n
 28 v. Savage, 611 F.2d 270, 279 (9th Cir. 1979).

B. Analysis

1. Public Factors

The relevant public factors weigh in favor of keeping the claim in Nevada. These factors include “local interest in having localized controversies decided at home” and “the avoidance of unnecessary problems in conflict of laws.” Decker Coal Co., 805 F.2d at 843. As stated previously, Nevada has an interest in resolving the claims of its residents. Additionally, since Federal Circuit law is controlling in patent issues, there will be no conflict of laws. Transferring the claim to the Northern District of Ohio would not alleviate any public burden—it would merely transfer it.

Anticipatory filing of a declaratory action in an infringement suit is also a factor. Electronics For Imaging, Inc., 340 F.3d at 1351. Although this Court recognizes that the “first-to-file” rule generally controls, it is not without exception. Pacesetter Sys., Inc. v. Medtronic, Inc., 678 F.2d 93, 95 (9th Cir. 1982) (The “‘first to file’ rule is not a rigid or inflexible rule to be mechanically applied, but rather is to be applied with a view to the dictates of sound judicial administration.”). Courts disfavor the “first-to-file” rule when the first claim was filed in bad faith, was an anticipatory suit, or was filed for the purposes of forum shopping. Alltrade, Inc. v. Uniweld Products, Inc., 946 F.2d 622, 628 (9th Cir. 1991).

Consequently, Healthspot’s claim for declaratory judgment in Ohio weighs against transferring. Healthspot admittedly filed the Ohio action in anticipation that negotiations would continue to fail leaving CSI compelled to file a claim for patent infringement. Mot. to Dismiss 16:23-17:10, ECF No. 11. Furthermore, based on CSI’s allegations, Healthspot filed the claim in bad faith. The claim was allegedly filed fifteen minutes after CSI and Healthspot scheduled a conference call in hopes of resolving the issue outside of court. Resp. to Mot. to Dismiss 3:10–11, ECF No. 13. Invoking the potential of Rule 11 sanction, Healthspot dissuaded CSI from filing suit before examining the accused product. Healthspot then filed the complaint for declaratory relief in Ohio during the time period when it had persuaded CSI to await the outcome of further negotiations. The record supports a prima facie conclusion that Healthspot’s tactics here were gamesmanship and arguably deceptive. This Court will not, in effect, reward such behavior with

1 a choice in forum.

2 **2. Private Factors**

3 The relevant private factors also weigh in favor of keeping the claim in Nevada. These
4 factors include the “relative ease of access to sources of proof; availability of compulsory process
5 for attendance of unwilling, and the cost of obtaining attendance of willing, witnesses ... and all
6 other practical problems that make trial of a case easy, expeditious and inexpensive.” Decker Coal
7 Co., 805 F.2d at 843 (citing Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508 (1947)). A plaintiff’s
8 choice in forum is accorded great weight. Lou, 834 F.2d at 739.

9 This Court recognizes that the bulk of relevant evidence in patent infringement cases
10 usually comes from the alleged infringer and, therefore, weighs in favor of transferring to that
11 location. See In re Genetech, Inc., 566 F.3d 1338, 1345 (Fed. Cir. 2009). However, this does not
12 mean that the mere fact that it is a patent infringement claim justifies transfer to the defendant’s
13 home forum. Importantly, beyond the conclusory statement that “relevant documents regarding
14 the technical aspects of [Healthspot’s kiosks] and services are also located in Ohio,” Healthspot
15 has failed to provide any facts demonstrating that litigating a patent claim in Nevada would be so
16 impermissibly inconvenient as to outweigh the CSI’s choice in forum. Mot. to Dismiss 15:8-12,
17 ECF No. 11.

18 Therefore, this Court finds that the Healthspot has failed to make the required showing of
19 inconvenience in order to transfer the case to the Northern District of Ohio.

20 ...

21 ...

22 ...

